

VERITAS ACADEMY
FINANCE AND AUDIT
COMMITTEE CHARTER



ARTICLE 1. COMMITTEE MISSION

Section 1.01 Mission

The School Board of Veritas Academy (the “School”) has established a Finance and Audit Committee (the “Committee”) as a standing and permanent committee of the School Board. The primary functions of the Committee are to assist the Veritas Academy School Board (the “Board”) in:

- (a) Overseeing the School’s financial policies and procedures;
- (b) Overseeing, reviewing and making recommendations regarding the School’s annual budget, long-term financial projections, and overall financial sustainability, as well as the setting of tuition and fees and associated financial impact on the School and its families;
- (c) Reviewing and assessing the integrity of the School’s financial statements including the evaluation of the School’s system of internal controls over financial reporting;
- (d) Reviewing, overseeing, and when appropriate, making recommendations on proposals for the School to undertake significant financial transactions, projects with a significant financial impact, long-term financial commitments, or liabilities, including the incurrence of liabilities or loans outside the ordinary course of business;
- (e) Reviewing of recommendations regarding tuition assistance process and policies and allocation according to budget;
- (f) Reviewing of annual IRS filings; and
- (g) Confirming the qualifications, independence, and performance of the School’s independent auditors in conjunction with the annual audit.

ARTICLE 2. ORGANIZATION

Section 2.01 Qualifications

Committee members should have competencies in, or at a minimum a desire to learn, best practices in school finance, financial oversight, and audit necessary to discharge the duties and responsibilities of the Committee. It is preferred that Committee members have training, expertise, or experience in board service, finance, accounting, auditing, forecasting/budgeting, or strategic planning.

Section 2.02 Composition

The Committee shall have no less than three (3) voting members and no more than (5) voting members. Voting members of the Committee must be active Board members. Individuals not serving on the Board, such as consultants or members of the School community, may also serve the Committee in a non-voting capacity. The Committee should endeavor to be comprised of a majority of voting members that do not have a conflict of interest with full-time employees of the School.

Section 2.03 Chair & Committee Officers

The Chairperson and other members of the Committee shall be selected by the Board in accordance with the School's Bylaws and other governing documents. The following shall be regularly invited to attend such portions of the Committee's meetings, if deemed appropriate by the Committee:

- (a) The Head of School
- (b) The School's chief financial officer, controller, or other person in charge of the School's finance & accounting functions

ARTICLE 3. MEETINGS

Section 3.01 Frequency

The Committee will meet at least four (4) times annually, with reviewing the annual budget, audited financials, audit responsibilities included in the meeting agenda at least once a year. Additional meetings may occur as deemed appropriate by the Chair or upon request by a majority of the Committee. The Chair should coordinate with the

Head of School, controller, or chief financial officer prior to scheduled Committee meetings to finalize meeting agenda and overview issues to be discussed.

Section 3.02 Calendar

No less often than annually, the Committee shall, at a regularly scheduled or special meeting of the Committee, establish an annual calendar of meetings and task to ensure that the Committee is fulfilling its duties.

Section 3.03 Agendas

The Chair, in consultation with Committee members, shall be responsible for establishing agendas for meetings. An agenda, together with relevant materials, should be made available to Committee members at least one day, but preferably at least three days, in advance of the meeting. The Chair may designate a member to record minutes or prepare reports of meetings.

Section 3.04 Voting

Committee recommendations must be approved by a majority of the voting members of the Committee. In the event of a tie, a period of time and prayer should be allowed for further consideration. If upon further voting the tie cannot be resolved, the Committee may inform the Board that a Committee recommendation cannot be reached.

Section 3.05 Quorum

A quorum of any meeting of the Committee shall consist of a majority of its voting members. Committee members may participate by teleconference.

Section 3.06 Reports

The Chair shall be prepared to report to the Board, at the Board's regularly scheduled meetings, on the meetings, activities, deliberations, and recommendations of the Committee.

ARTICLE 4. RESPONSIBILITIES AND DUTIES

Section 4.01 Limitations of Responsibilities and Duties

The role of the Committee is to *oversee* the School's finances with the sole purpose of gathering information to make reports and recommendations to the School's Board to promote wise and prudent stewardship of the School's gifts and resources. The Committee's oversight role does not permit them to engage in the operations of the School's finances, absent extenuating circumstances approved by the Board (such as well-founded allegations of fraud or other financial improprieties) recognizing that the

School's staff is responsible for financial operations and accounting, including preparation of the School's financial statement, budgets, and other financial reports. Additionally, the Committee recognizes that the School's staff has more in-depth knowledge and access to information on the School's finances than Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing expert or special assurance as to the School's financial performance or any individual financial transaction.

Section 4.02 Responsibilities and Duties

The Committee will fulfill its responsibilities and duties as follows:

- (a) Adopt this formal written charter, and any amendments thereto deemed advisable, upon approval by the School Board.
- (b) Identify and incorporate new Committee members that have adequate training, experience, or competency to help the Committee fulfill its duties.
- (c) Report on Committee activities and actions to the Board, including any recommendations to the Board that are within the Committee's mission that it may deem appropriate.
- (d) Review and analyze the School's annual budget(s), focusing on revenue and expense assumptions, and, making recommendations regarding annual budget(s) to the Board.
- (e) Review and analyze the School's long-term financial projections and make recommendations regarding the long-term financial sustainability of the School..
- (f) Review and monitor the School's ongoing financial performance.
- (g) Review and collaborate with families facing tuition delinquencies, making recommendations to the School's administration and/or Board regarding consequences for falling out of compliance with the School's financial policies, including limiting student participation in school events, such as athletics and graduation, or restricting permission for reenrollment.
- (h) Review and make recommendations regarding tuition and/or fee refund requests due to student withdrawal from School.
- (i) Review and monitor the School's system of financial controls.
- (j) Review, monitor, and make recommendations for revision to the School's financial and accounting policies.

- (k) Make policy recommendations regarding fundraising efforts.
- (l) Examine any proposed major financial transactions or projects with a significant financial impact, including but not limited to facility leases, and make recommendations to the Board.
- (m) Review and analyze financing alternatives with regard to major projects and make recommendations to the Board.
- (n) Review insurance coverage amounts associated with the School's facility insurance policies and provide recommendations to the Board or administration in conjunction with review of risk management.
- (o) Review and make recommendations regarding the School's investment vehicles, banking relationships, and investment or financial advisors.
- (p) Review the School's annual filings with the Internal Revenue Service or other financial regulatory bodies and provide recommendation of approval of such annual tax filings to the Board.
- (q) Ensure that a representative of the Committee meet with the independent auditors without members of the School's administration present to discuss matters that the Committee or the independent auditors believe should be discussed privately.
- (r) Review annual financial statements and annual report with School administration and the independent auditors to determine that both groups are satisfied with the disclosure and content in the financial statements, including the nature and extent of any significant changes in accounting principles. Review the Auditor's assessment of the adequacy of the School's internal controls.
- (s) Evaluate and report to the Board the performance of the independent auditors. Approve the appointment and replacement of the School's independent accountants considering independence and effectiveness and approve all audit engagement fees and terms of all non-audit engagements with the School's independent auditors. Annually, the Committee will ensure a formal statement is received from the independent auditors delineating the scope of services and all relationships between such auditors and the School.
- (t) Meet with the independent auditors and School's staff in charge of financial affairs to review the scope of any proposed external financial audit. The external audit engagement shall include a requirement that the independent

- auditors inform the Committee of any significant changes in the independent auditors' audit scope.
- (u) If and when necessary, discuss with the leadership of the independent auditors, issues on which they were consulted by the School's audit team and/or matters of audit quality and consistency.
 - (v) Ensure that the independent auditors submit to the Committee, on a periodic basis, a formal written statement delineating all relationships between the independent auditors and the School, and actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
 - (w) Ensure that no person employed by the independent auditor during the preceding one-year period is hired as chief executive officer, controller, chief financial officer, chief accounting officer, or any equivalent position for the School. Set policies for the School's hiring of employees or former employees of the independent auditor who were engaged on the School's account during the preceding five-year period.
 - (x) Review of utilization of School's assets by School administration and Board. This review may be performed by the Finance and Audit Committee, independent auditors, or other outside professionals.
 - (y) Review with the School's chief financial officer or controller or if the submission pertains to the chief financial officer or controller or his department, review with the Head of School, or if the submission relates to the Head of School, the Board in accordance with Board policies, any substantiated submissions relating to accounting or financial improprieties.
 - (z) Investigate or oversee the investigation of well-founded financial improprieties involving the School. The Committee may retain outside professionals to assist it in discharging this duty.

Section 4.03 Other Projects and Responsibilities

The Committee will also undertake such other projects as are delegated to the Committee by the Board. The Committee will endeavor to be prepared to undertake such projects from the Board that involve the finances or financial health of the School.